

AMENDED IN SENATE MAY 20, 2003

SENATE BILL

No. 323

Introduced by Senator Soto

February 19, 2003

An act to add Section 14066.5 to, and to add Article 2.93 (commencing with Section 14091.25) to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 323, as amended, Soto. California Disease Management Equity Act.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. Existing law authorizes disease management organizations, as defined, to contract with specified persons and entities to conduct disease management programs and services, as defined.

This bill would enact the California Disease Management Equity Act, which would, among other things, require the department to develop a strategy for providing Medi-Cal beneficiaries with disease management programs and services that improve patient outcomes and reduce health care costs. It would also require the department to seek any necessary federal waivers necessary to implement disease management programs and to electronically post on its Internet Web site a notice that informs interested persons and parties that it has initiated work on disease management and other related information.

This bill would authorize the department to enter into contracts with qualified disease management organizations for the provision of

disease management programs and services, and, in addition, would require the department, on or before January 1, 2005, to report to the Governor, the Secretary of *California* Health and Human Services, and the relevant policy committees of the Legislature regarding the implementation of these programs.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Health care costs in California are rising dramatically.

4 (b) A large portion of these costs are attributable to
5 complications from chronic diseases.

6 (c) Chronic diseases dramatically decrease the quality of life of
7 their victims.

8 (d) Peer-viewed scientific studies demonstrate that effective
9 disease management programs and services can improve patient
10 outcomes and decrease the cost of medical care.

11 (e) Disease management programs and services are
12 increasingly used to improve patient outcomes and reduce costs in
13 California's private health care market. However, only a fraction
14 of California's Medi-Cal eligible population, primarily serviced
15 by a few health plans, are provided with disease management
16 services.

17 (f) There are no provisions that provide disease management
18 services to California's aged, blind, and disabled Medi-Cal
19 eligible population, even though the approximately one million
20 persons in this population account for nearly 25 percent of
21 Medi-Cal costs and are prime candidates to receive the greatest
22 benefits from disease management.

23 (g) Medi-Cal beneficiaries and California taxpayers will
24 continue to be shortchanged if the State Department of Health
25 Services does not immediately begin to provide and promote the
26 provision of effective disease management programs and services.

27 SEC. 2. Section 14066.5 is added to the Welfare and
28 Institutions Code, to read:



1 14066.5. (a) As used in this chapter, “disease management
2 organization” has the same meaning as in Section 1399.900 of the
3 Health and Safety Code.

4 (b) As used in this chapter, “disease management programs
5 and services” has the same meaning as in Section 1399.901 of the
6 Health and Safety Code.

7 SEC. 3. Article 2.93 (commencing with Section 14091.25) is
8 added to Chapter 7 of Part 3 of Division 9, of the Welfare and
9 Institutions Code, to read:

10
11 Article 2.93. Disease Management
12

13 14091.25. This article shall be known and may be cited as the
14 California Disease Management Equity Act.

15 14091.26. (a) It is the policy of the state to provide and
16 encourage the provision of disease management programs and
17 services broadly and equitably. The department shall implement
18 this policy by developing a strategy for providing Medi-Cal
19 beneficiaries with disease management programs and services that
20 improve patient outcomes and reduce health care costs.

21 (b) Any disease management organization providing disease
22 management programs and services under this article shall ~~be~~
23 ~~accredited~~ *possess full patient and practitioner oriented*
24 *accreditation* in the provision of those disease management
25 programs or services by one or more nationally recognized health
26 care accrediting ~~organization~~ *organizations*, including, but not
27 limited to, the National Committee for Quality Assurance, the
28 Joint Commission on Accreditation of Health Care Organizations,
29 and the American Accreditation Health Care Commission.

30 (c) In order to ensure that the preventive aspects of disease
31 management programs and services reach the greatest number of
32 people, disease management programs provided under this article
33 shall be population based.

34 (d) Within its existing budget and in the shortest possible
35 timeframe, the department shall adopt a list of diseases eligible for
36 disease management programs and services, and guidelines for
37 implementing the state policy described in subdivision (a). In its
38 deliberations, the department shall pay special attention to all of
39 the following:

1 (1) Chronic diseases with high overall costs, including, but not
2 limited to, asthma, coronary artery disease, congestive heart
3 failure, chronic obstructive pulmonary disease, and diabetes.

4 (2) Comorbidity among chronic diseases and the increased
5 benefit of providing disease management services for multiple
6 disease states.

7 (3) The provision of disease management services to the
8 Medi-Cal fee-for-service population that guarantees a cost savings
9 to the department.

10 (4) The possibility of coordinating the department's programs
11 with disease management initiatives undertaken by the Board of
12 Administration of the Public Employees' Retirement System
13 (PERS), including, but not limited to, pilot or demonstration
14 projects with direct contracting, disease management programs
15 offered by the self-funded plans in rural areas of the state, disease
16 management programs provided through ~~HMOs~~ *health*
17 *maintenance organizations* (*HMOs*) that contract with PERS, and
18 disease management programs and services provided directly
19 through PERS employers.

20 (5) The provision of disease management programs and
21 services to Medi-Cal beneficiaries in both fee-for-service counties
22 and counties assigned to participate in a predetermined Medi-Cal
23 managed care model.

24 (e) The department shall electronically post on its Internet Web
25 site a notice that informs interested persons and parties that it has
26 initiated work on disease management. The notice shall also
27 include a brief description of information the department has
28 identified as relevant to the preparation of the disease management
29 program, and inform persons who wish to submit information
30 concerning disease management of the name and address of the
31 person in the department to whom the information may be sent,
32 and the date by which it must be received.

33 (f) To ensure that disease management coverage is
34 implemented in an equitable manner, the Legislature urges the
35 department to recommend whether it should either develop a
36 timeline for phasing in the coverage of various diseases, or develop
37 a plan to provide coverage for a range of chronic diseases
38 simultaneously.

39 (g) The department shall seek all federal waivers necessary to
40 allow for federal financial participation in expenditures under this

1 article, and, if necessary, shall seek any statutory changes from the
2 Legislature required to implement this article. If no statutory
3 changes are necessary, the department shall seek any federal
4 waivers necessary to implement this article. In order to guarantee
5 federal financial participation in the program, the department shall
6 not begin providing disease management programs and services
7 until a federal waiver is obtained.

8 14091.27. For persons who qualify for disease management
9 and are, or become, eligible for benefits under Title XVIII of the
10 federal Social Security Act (42 U.S.C. Sec. 1395 et seq.) and the
11 state's Medi-Cal program, the department shall seek federal
12 waivers to enable it to share in cost savings resulting from disease
13 management paid for through Medi-Cal that would otherwise
14 accrue to Medicare.

15 14091.29. The department may do both of the following:

16 (a) Seek information and advice from the Centers for Medicare
17 and Medicaid Services, medicaid agencies in other states, disease
18 management research projects funded by nonprofit foundations,
19 and independent consultants on disease management contracting
20 to speed the delivery of disease management to Medi-Cal
21 enrollees.

22 (b) To the extent permitted by state law, issue requests for
23 proposals and enter into contracts with qualified disease
24 management organizations for the provision of disease
25 management programs and services that meet the requirements of
26 this act.

27 14091.31. On or before January 1, 2005, the department shall
28 report its findings, recommendations, guidelines, and disease
29 management delivery and implementation strategy, as well as its
30 progress in implementing disease management programs, to the
31 Governor, the Secretary of *California* Health and Human
32 Services, and the relevant policy committees of the Legislature.

